

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (06/09)**

BUTTER: Grade AA closed at \$1.1675. The weekly average for Grade AA is \$1.1695 (-.0068).

CHEESE: Barrels closed at \$1.1825 and blocks at \$1.2100. The weekly average for barrels is \$1.1915 (-.0135) and blocks, \$1.2040 (-.0048).

BUTTER: The butter market is little changed from recent weeks. The CME cash price has held in a relatively narrow range since late April. Cream supplies for butter production have tightened. Demand for cream from Class II product producers has increased sharply. Ice cream and soft serve mix production is seasonally strong as temperatures increase and the summer vacation season is underway. Some Central butter producers indicated that cream buyers from outside the region are in the market looking for additional cream volumes. Although available cream volumes are lower. Most butter producers are not overly concerned at this time about their production versus supply/demand balance. Many have had a very favorable spring production season. Orders from retail chains are mostly steady, but improved if features are in place. Food service orders are still improving, especially in resort and vacation areas as the summer vacation season develops.

CHEESE: The cheese market is unsettled to weak. Current cheese interest is generally moderate, aided by promotional activities. Barrel supplies have eased in some areas, mainly the West. Process movement is fairly good seasonally. Mozzarella offerings are increasing from some producers though limited from others. Cheese production may have peaked and started to decline in some areas. Estimated cheddar cheese production during the first third of 2006 totals 1.055 billion pounds, up 23.7 million pounds (2.3%) from the same period in 2005. Total cheese output in 2006 totals 3.086 billion pounds, an increase of 74.7 million pounds (2.5%) from last year.

FLUID MILK: Milk production is declining in the more southern areas of the country and steady at or near the seasonal peak in the northern-most areas. Hot weather in the Southwest, parts of the Southeast, and Southern California are slowing milk output. In the Pacific Northwest, Upper Midwest and Northeast, milk production is at or near their anticipated peak. Fluid milk supplies are not as heavy as last week and manufacturing plant contacts report a little "down time," which eases the pressure on equipment and personnel. Bottled milk sales are slowing as more schools recess for summer. However, there are parts of the country where summer schools will be reopening in a week or two and this will likely help Class I demand. Fat and protein tests are seasonally low. The fluid cream market is improving as demand seems to have turned around since June 1. Suppliers have been scrambling for extra loads and multiples are generally higher. The improved demand from both hard and soft serve ice cream producers is reducing the need to divert loads to churns.

DRY PRODUCTS: The NDM market is little changed from past weeks. Production may be a little slower in some parts of the country now that milk production seems to be declining. Demand for NDM is fair, but some exporters are waiting for more opportunities to ship NDM out of the country. Domestic demand is lackluster as buyers/users can usually find all the powder they want/need at competitive prices. Producer stocks range from adequate to heavy. Offerings to CCC continue, but mostly from the Western region. The dry whey market is mostly steady. Offerings at the producers' plants are growing slightly and prices are mixed, mostly unchanged. Domestic demand is fair, but there is fair to good interest for exporting. The WPC market is fairly steady this week. Stocks are mixed, ranging from balanced to long. Prices are little changed. The lactose market remains firm. Most shipments are to fill contractual agreements and producers have little available for spot interest. There is concern about production levels and availability in the third and fourth quarters.

CCC: During the week of June 5 - 9 CCC's net purchases totaled 6,199,984 pounds of Western NDM.

APRIL 2006 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 127.8 million pounds in April, 9.2% above April 2005 but 10.0% below March 2006. American type cheese production totaled 333.8 million pounds, 1.9% above April 2005 but 1.4% below March 2006. Total cheese output (excluding cottage cheese) was 779.7 million pounds, 3.3% above April 2005 but 4.0% below March 2006. Nonfat dry milk production, for human food, totaled 129.0 million pounds, 23.0% above April 2005 and 0.6% above March 2006. Dry whey production, for human food, was 92.7 million pounds, 10.3% above April 2005 but 4.8% below March 2006.

MARCH MAILBOX MILK PRICES FOR SELECTED REPORTING (DAIRY PROGRAMS): In March 2006, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$12.64, \$.93 less than the figure for the previous month. The component tests of producer milk in March 2006 were: butterfat, 3.73%; protein, 3.06%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas, and ranged from \$15.56 in Florida to \$10.67 in New Mexico. In March 2005, the Federal milk order all-area average mailbox price was \$15.46, \$2.82 higher.

APRIL FLUID MILK SALES (AMS & CDIB): During April, about 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.5% lower than April 2005. After adjusting for calendar composition, sales in April 2006 were unchanged from April 2005. On an individual product basis, sales of reduced fat (2%) milk, low fat milk (1%), fat-free (skim) milk, and buttermilk increased from April 2005, while sales of whole milk, flavored whole milk, and flavored fat-reduced milk decreased from a year earlier. It is likely that the timing of the Easter holiday this year has had a negative impact on the change in sales from April 2006 compared to April 2005. Sales data for organic milk are now being provided.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY JUNE 5	TUESDAY JUNE 6	WEDNESDAY JUNE 7	THURSDAY JUNE 8	FRIDAY JUNE 9	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.2000 (N.C.)	\$1.2100 (+.0100)	\$1.1825 (-.0275)	\$1.1825 (N.C.)	\$1.1825 (N.C.)	(-.0175)	\$1.1915 (-.0135)
40# BLOCKS	\$1.2000 (N.C.)	\$1.2000 (N.C.)	\$1.2000 (N.C.)	\$1.2100 (+.0100)	\$1.2100 (N.C.)	(+.0100)	\$1.2040 (-.0048)
BUTTER							
GRADE AA	\$1.1750 (N.C.)	\$1.1700 (-.0050)	\$1.1675 (-.0025)	\$1.1675 (N.C.)	\$1.1675 (N.C.)	(-.0075)	\$1.1695 (-.0068)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 5, 2006

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1925, 1 @ \$1.1975, 1 @ \$1.2000; BIDS UNFILLED: 1 CAR BARRELS @ \$1.2000; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2050

BUTTER — SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1700, 1 @ \$1.1650; OFFERS UNCOVERED: NONE

TUESDAY, JUNE 6, 2006

CHEESE — SALES: 2 CARS BARRELS @ \$1.2100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2000

BUTTER — SALES: 1 CAR GRADE AA @ \$1.1700; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1650; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.1700, 1 @ \$1.1725, 1 @ \$1.1750

WEDNESDAY, JUNE 7, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$1.1200; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.1825, 1 @ \$1.1850, 1 @ \$1.2100; 2 CARS 40# BLOCKS: 1 @ \$1.2000, 1 @ \$1.2100

BUTTER — SALES: 1 CAR GRADE AA @ \$1.1675; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.1650, 2 @ \$1.1600; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.1675, 2 @ \$1.1700

THURSDAY, JUNE 8, 2006

CHEESE — SALES: 1 CAR BARRELS @ \$1.1825; 1 CAR 40# BLOCKS @ \$1.2100; BIDS UNFILLED: 2 CARS BARRELS @ \$1.1200; OFFERS UNCOVERED: NONE

BUTTER — SALES: 5 CARS GRADE AA: 1 @ \$1.1625, 2 @ \$1.1675, 1 @ \$1.1650, 1 @ \$1.1675; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 9, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$1.1200; 2 CARS 40# BLOCKS @ \$1.1200; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.1500; OFFERS UNCOVERED: 3 CARS GRADE AA: 2 @ \$1.1850, 1 @ \$1.2000

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.8900 and Grade A at \$0.8875. (The last price change for Extra Grade was January 24 and Grade A, February 1.) The weekly average for Extra Grade is \$0.8900 (N.C.) and Grade A is \$0.8875 (N.C.).

BUTTER MARKETS

APRIL BUTTER PRODUCTION

During April 2006, butter production in the United States totaled 127.8 million pounds, 9.2% more than April 2005 but 10.0% more than March 2006. The following are April to April changes for various states: CA +20.2%, NY -13.5%, PA +11.2%, and WI -7.2%.

NORTHEAST

The butter market is little changed from recent weeks. The CME cash price has held in a relatively narrow range since late April. Churning activity in the Northeast remains heavy, but early-week reports indicate that cream demand is improving and some cream suppliers comment that less cream will be moving to butter makers this week. Time will tell if that scenario plays out. Butter supplies are heavy and more than ample for current needs. Orders from retail chains are mostly steady, but improved if features are in place. Food service orders are still improving in resort areas. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The CME cash butter price has decline 3/4 cent in the two most recent trading sessions to settle at \$1.1675 at midweek. This is the lowest price since April 21. Some producers and handlers are quite surprised at the weakness when cream supplies have become more competitive. Some butter producers indicate that cream buyers from outside the region are in the Central market looking for additional cream volumes. This is completely opposite the situation a week or so ago when cream traders were looking for buyers in the Central part of the country. A few Central butter producers would consider selling some of their cream, although pricing multiples are often higher than buyers are willing to pay. Most butter producers indicate that cream supplies have tightened due to

increased Class II demand. Although Class IV cream volumes are lower, most butter producers are not overly concerned at this time about their production versus supply/demand balance. Most have had a very favorable spring production season. Overall butter demand is fair. Some butter buyers have returned to the market following the Memorial Day holiday weekend. Retail sales are fairly active especially for those that are running features. Restaurant and food service orders are fair as the summer vacation season resumes. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

The butter price at the CME continues to move only slightly around the \$1.1700 mark. The market has traded within a penny of the \$1.1700 price since the end of April. Western butter demand is fair for the current, seasonally heavy output. Retail print movement is mainly steady at low levels. Featuring is very limited. Food service orders remain good. There is shifting away from school accounts. Resort and vacation area demand is evolving. Demand for bulk butter is light and mainly moving under contract. Bulk butter continues to move to freezers. Cream is available across the region and surplus is being churned. Additional cream is beginning to move to ice cream operations. The CME weekly warehouse total increased by 3.82 million pounds last week to stand at 155.2 million pounds, an increase of 51.6 million pounds from the same week in 2005. Prices for bulk butter range from 2 cents under to 5 cents under based on the CME with various time frames and averages. Transportation costs and surcharges are also impacting pricing levels. April U.S. butter production totals 127.8 million pounds, up 9.2% from last year. Cumulative output for the first four months in 2006 totals 554.0 million pounds, up 69.6 million pounds (14.4%) from the same period last year. The Western region in April produced 58.4 million pounds, up 17.2% (+8.6 million pounds) from April of 2005. The West produced 45.7% of the April U.S. total.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
JUNE 3	1.1855	1.1966	0.8229	1.1565	0.2781
	10,368,029	9,889,298	24,952,856	3,165,217	12,836,948

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are mixed and the market tone is mostly steady. Cheese output in the Northeast remains heavy as surplus milk volumes are near peak levels. At the CME, prices on the cash market have moved in a relatively narrow range since mid-May. Many contacts feel that prices will hold in this narrow range while milk supplies are so plentiful. Supplies of process cheese are tighter as fast food restaurant features are underway and grilling season typically boosts sliced cheese sales. Cheddar supplies are in better balance as many producers are moving their production to aging programs. Retail sales are slow to fair and food service orders are improving along seasonal patterns.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2925-1.8125
Cheddar Single Daisies	:	1.2500-1.7350
Cheddar 40# Block	:	1.3500-1.6225
Process 5# Loaf	:	1.4150-1.6600
Process 5# Sliced	:	1.4350-1.7450
Muenster	:	1.3650-1.5650
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled. Promotional activity continues to keep buyers making orders though some are holding back for the decline in the CME block price last week to work through weekly average prices. Barrels remain tight and spot supplies continue to be very limited as producers just try to meet commitments. Good interest is noted in other "dry" white processing solids to supplement barrel supplies. Natural cheddar supplies are at least adequate for the fair at best interest. Better natural American interest seems to continue for pepper jack, jack, and Colby/jack blends. For many producers, plant inventories seem to be growing over the past couple of weeks. Mozzarella supplies remain snug for some producers though a few spot loads are available from others. Continuing pizza promotions seem to be keeping mozzarella inventories from building for many producers. Cheese production is steady to lower at more plants. The general feel that recent declines in milk receipts are basically offset by extra diversions from Class I after schools close. Cheese yields are generally lower seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4750-1.6525
Brick And/Or Muenster 5#	:	1.6500-1.7650
Cheddar 40# Block	:	1.5200-2.2650
Monterey Jack 10#	:	1.6500-2.2650
Blue 5#	:	2.0700-2.3300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3950-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.1550-2.8300

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
06/05/06	49,463	: 140,770
06/01/06	48,721	: 139,662
CHANGE	742	: 1,108
% CHANGE	2	: 1

WEST

The cheese market remains unsettled. CME prices are weaker at midweek for barrels, closing at \$1.1825. The block price is unchanged \$1.2000. Offerings of barrels have been tighter than the block market in recent weeks. There are early indications that additional barrel loads are available, albeit not from every producer or every area. Some process cheese producers are looking for additional solids and pulling material from the undergrade market. Cheddar blocks are more available each week with market conditions sluggish. The Swiss market is clearing well. Food service accounts remain active in the market and are utilizing Swiss cuts on a variety of sandwiches. Total U.S. cheese production topped 779.7 million pounds in April, up 3.3% from last year. Output from January through April totals 3.09 billion pounds, up 74.7 million pounds (2.5%) from the same period in 2005. In April, the Western region produced 338.2 million pounds, up 4.0% from last year. The West produced 43% of the U.S. total. April Swiss output for the U.S. is 25.3 million pounds, up 6.1% from a year earlier.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3575-1.6150
Cheddar 40# Block	:	1.3275-1.6800
Cheddar 10# Cuts	:	1.5075-1.7275
Monterey Jack 10#	:	1.5175-1.6775
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.7000

FOREIGN

Prices are unchanged to fractionally lower. The market tone is steady. Supplies are more than adequate to meet the seasonally slow to fair buying interest. There are reports that the EU market for cheese is reported as "balanced." January-February cheese output in the EU is estimated to be up 3% from a year ago despite a decline in milk supplies.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.3500	: 1.6050-3.0950*
Gorgonzola	: 3.6900-5.9400	: 2.1150-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0200-3.1250*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.6050-1.8425*
Romano (Cows Milk)	: -0-	: 2.8025-4.9450*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: TFEWR	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	130	0	153	0	225
SOUTHEAST STATES	0	0	0	0	0	80

The following are the May 2006 Class and component prices under the Federal Milk Order pricing system: Class II \$11.13 (down \$.24 from April), Class III \$10.83 (down \$0.10), and Class IV \$10.33 (down \$.03). The following are the product price averages used in computing Class prices: butter \$1.1635, NDM \$0.8288, cheese \$1.1694 and dry whey \$0.2805. The Class II butterfat price is \$1.2652 and the Class III/IV butterfat price is \$1.2582. Milk production is leveling off at the peak in the Northeast and steady to lower in the Southeast. The rates of decline in the Southeast vary and are actually slowing or increasing slightly in some areas. New England and parts of NY continue to experience cool/rainy weather, which is delaying field work and hurting the first cutting hay crop. Most alfalfa is being rained on more than once before chopping or baling. Elsewhere, field work and haying are progressing normally. Bottled milk sales are mixed. Some areas are experiencing improved demand while others continue to see orders lag. Some Northeastern states continue to have schools in session through mid-month while most other states are on summer recess. Surplus milk volumes are lighter in most sections of the East with the most noticeable declines noted in the Southeast. Plants that were running daily are now down to weekend milk. Contacts wonder if this is just an anomaly as milk "just doesn't disappear this fast." In the Northeast, manufacturing plant schedules are lighter. The condensed skim market continues to hold and prices are little changed as the new class prices for skim milk have not changed significantly in the past few months. Spot interest is improved slightly as ice cream mix production increases. The fluid cream market turned significantly firmer late last week and continues to be firm through mid-week. Suppliers had to reach farther to find some last minute spot loads. Last week's hotter temperatures in much of the region spurred soft serve sales and mix producers scrambled to buy additional loads of cream and condensed skim. Because of this increased demand, multiples did increase rather sharply, particularly for the last minute purchases. The CME butter average increased \$.0018, which had little impact on prices. Hard ice cream production is picking up in more areas. It seemed like June 1 was a trigger-date for some producers to step up production. Cream cheese output is mostly steady, but as multiples and demand increase, producers seem less willing to buy more spot loads. Production of bottled cream is improving seasonally. Churning activity is heavy. However, butter makers are not being offered as much excess cream this week.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3880-1.6351
DELIVERED EQUIVALENT: ATLANTA	-	1.4112-1.6233 M 1.4586-1.5527
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.4468-1.5174

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:	
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8900-.9800
NORTHEAST - CLASS III - SPOT PRICES	- .8800-.9400

M I D W E S T

Class I utilization continues to decline as additional schools close for the summer. Occasional retail features partially offset the decline in Class I sales in some markets. Class II usage for items such as dips and sour cream were steady to generally improved, especially where featured, for June events such as graduation parties. Class III plants continue to operate on extended schedules, particularly those balancing Class I supplies. At some plants, inventories of unsold cheese have increased while others are seeing an improvement in orders. Spot milk interest has improved as offered volumes decline. Reported spot milk prices, on a light test, range from around -\$0.50

to \$1.25 net over class. Supplies of extra milk for sale have declined quickly since the holiday weekend. Cream demand picked up sharply late last week as ice cream and mix production increased at some operations. Cream buyers anticipate even higher multiples next week. The weekly Chicago Mercantile Exchange weekly average butter price is around 25 cents lower than a year ago, so actual cream prices (excluding haul) are lower. Reports of more milk buyers in the upper tier of states adjusting their quality, volume, and hauling rates to better reflect the actual cost/value continue as plants try to recover some of the red ink generated during the first quarter of the year. Fat and protein tests are lower seasonally. Current plant intakes are uneven, slight rebounds in areas that have cooled, but mostly steady to lower elsewhere. Shipments from southern sections have also slowed as intakes decline due to the extended heat in some areas. Some plants are already scheduling for planned maintenance downtime after milk receipts decline further. Some operations in the upper tier of states are also back out soliciting new patrons after their recent moratoriums due to peak spring plant capacity concerns.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 1 - 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 53.00	\$ 55.00- 63.00
REPLACEMENT HEIFER CALVES	\$400.00-650.00	\$440.00-750.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 1 - 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 54.50	\$ 52.00- 65.00

W E S T

The May 4a price (butter/powder) in CALIFORNIA is \$9.96, 8 cents lower than April and \$1.76 less than last year. This compares to the Federal Order Class IV price for May at \$10.33. The May 4b price (cheese) is \$10.48, up 5 cents from April but \$2.91 lower than last year. This compares to the Federal Order Class III price for May at \$10.83. Milk production across most of the state of CALIFORNIA has leveled off. Recent weeks have seen local areas peak in milk, then hot conditions and rain caused milk to drop. More moderate conditions saw milk volumes pick up and now milk is holding mostly steady with last week. Northern California production is still moving higher towards the seasonal peak. Milk volumes are moderate to heavy and most often above year ago levels. Processing plants in the state are running at or near capacity to handle the current milk supplies. Bottled milk needs are good for active school accounts, but fair at best into retail needs. ARIZONA and NEW MEXICO continue to battle with hot weather conditions. The daytime temperatures have reached well over 100 degrees. Misterters and fans are being used to combat the hot conditions. Nighttime temperatures are still cooling, which is helping cows. Plants are running at or near capacity to handle the local milk supplies. Total milk continues to run above a year ago. Additional cows are being added to herds in New Mexico. The CREAM market has tightened in parts of the West. Offerings are not as abundant as in recent weeks. Ice cream demand has increased with more summer-like weather and producers are churning more ice cream. The CME butter price dropped one cent from a week ago and stood at \$1.1675 at midweek. Cream multiples are higher and range from 101 to 123, FOB, and vary depending on class usage and basing points. WASHINGTON and OREGON milk is moving higher and has or will likely peak in the next few weeks. Current conditions have been cooler and drier with limited stress on the milk cows. Cows and heifers continue to be added at the farm level. Plants are actively running with local supplies and milk from other parts of the West. Hay quality has been poor as few harvesting windows for the first cutting were without rainfall. UTAH milk production is holding mostly steady and has likely peaked for the season based on plant intake volumes. The fat and protein levels on incoming milk are trending lower. Conditions have been drier this week, allowing for lots to dry out and for the cutting and harvesting of hay. Temperatures are forecast to reach 90 degrees. The quality of the first cutting is testing well. Total milk supplies continue to build across IDAHO. Increasing cow numbers and growth in production per cow are creating more milk. Processing plants are running at capacity to handle the milk flow. Additional milk supplies are being moved out of state to processing plants.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are mixed on a mostly steady market. Buyers and sellers that follow the NASS pricing series noted reduced prices for the current week. Producers that market independently of the NASS series reported higher prices due to better than expected sales during the month of May. Stocks are reportedly in balance with some plants well-contracted for the month of June. Offerings are best from the coastal areas. Production is steady with most plants operating at capacity.

EAST: Prices are steady to lower. The market tone is little changed from last week. No Eastern NDM was offered to CCC again this week. Last week's NASS average NDM price (the basis for most NDM sales) decreased about \$0.0060. Production levels remain heavy, but surplus milk volumes have eased since last week. The largest decreases were noted in the Southeast, where hotter weather has had more of an impact on milk production. Some drying plants in the Southeast were able to limit operations to weekends while other ran daily, but on reduced hours per day. Producer stocks are still a concern, but some recent large-volume sales have kept inventory gains to a minimum. Contacts continue to report that the market is very competitive and tenths of a cent can and are often the deciding factor in making or losing sales.

DAIRY PRODUCTS: Production of human food, NONFAT DRY MILK during April 2006 totaled 129.0 million pounds, up 23.0% from April 2005 and 0.6% above March 2006. Month ending stocks, at 155.9 million pounds, are 44.0% above a year ago and 23.2% above last month. Production of SKIM MILK POWDER, a blended product with a standardized protein content, totaled 12.4 million pounds, 51.0% lower than April 2005 and 37.9% below March 2006. Month ending stocks are not reported for this commodity.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .8300 - .8775 MOSTLY: .8300 - .8500
HIGH HEAT: .8675 - .9200

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are holding mostly steady with the top end of the range slightly lower. The market tone remains on the weak side. Offerings to the CCC support program continue to be used to clear inventories. During the week of May 29 - June 2, net purchases from the West totaled 1.2 million pounds of NDM under the CCC support program. There are reports that Mexico has issued import certificates, but the process is not yet active. Therefore, Mexico will likely be looking to source dairy powders in the near future. Current domestic demand is fair. Cheese producers are working through milk and not actively purchasing condensed skim or nonfat dry milk. High heat NDM prices are steady. Trading remains light with most current sales to contract customers. Producers generally have little extra high heat to offer on the spot market. Conversely, spot demand is very light. Production remains on the light side. U.S. NDM production in April totaled 129.0 million pounds, 23.0% higher than last year and 0.6% more than last month. Cumulative NDM production for the first four months total 482.0 million pounds, up 19.1% from the same period in 2005. Skim milk powders (SMP) production in April totaled 12.4 million pounds, down 51.0% from last year and 37.9% less than last month. April NDM production in the Western region totaled 88.0 million pounds, up 30.7% from last year. The West produced 68% of the U.S. total in April. California produced 58.8 million pounds, up 52.2% from April 2005. U.S. manufacturers' stocks at the end of April were reported at 155.9 million pounds, 44.0% more than last year and 23.2% higher than last month. (Note: Production totals and comparisons for NDM and SMP are affected by changes in marketing patterns between 2005 and 2006.)

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .7950 - .8300 MOSTLY: .8000 - .8150
HIGH HEAT: .8275 - .8600

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 2	\$.8077	10,696,322	5,427,838
May 26	\$.8074	13,265,395	5,558,109

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a mostly steady market. Some aged supplies are being cleared into feed markets to alleviate heavy supplies. Ice cream demand is improving, encouraging increased movement of condensed skim into ice cream facilities instead of dryers. Increased demand for cream from Class II plants is reducing cream intakes at some churns and therefore affecting condensed and dry buttermilk supplies. Production of dry buttermilk during April 2006 totaled 6.5 million pounds, 8.5% less than April 2005 and 12.6% below March 2006. Month ending stocks, at 15.8 million pounds, are 84.2% above a year ago and 1.3% above than March 2006.

F.O.B. CENTRAL: .6500 - .7900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone remains weak. Northeastern prices are nominal. Churning activity was heavy, but declining from the previous, holiday weekend. Also, warmer weather late last week triggered a jump in Class II cream demand, which eased the need to divert cream to local butter makers. Drying schedules are steady to lighter as some improved demand for liquid/condensed buttermilk is noted. Stocks of dry buttermilk at the producer level are moderate to heavy. Spot demand for powder is limited as users have enough under contract. Dry buttermilk production during April 2006 totaled 6.5 million pounds, down 8.5% from last April 2005 and 12.6% less than March 2006. Month ending stocks, at 15.8 million pounds, are 84.2% more than a year ago and 1.3% above than a month ago.

F.O.B. NORTHEAST: .6700 - .6900
DELVD SOUTHEAST: .6900 - .7200

DRY BUTTERMILK - WEST

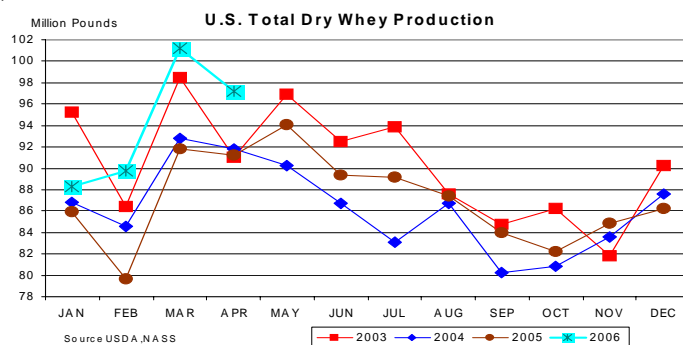
Dry buttermilk prices are unchanged in light spot trading. The market tone is mixed with some producers having extra stocks available, while others are in better shape. Production is slowing seasonally. Stocks range from light to moderately heavy levels. U.S. dry buttermilk production in April totaled 6.5 million pounds, down 8.5% from last year and 12.6% less than March. Stocks at the end of April were 15.8 million pounds, 84.2% higher than last year and 1.3% more than last month.

F.O.B. WEST: .6000 - .6600 MOSTLY: .6200 - .6500

DRY WHOLE MILK - NATIONAL

Prices are mostly steady and nominal. The market tone is unchanged. Production is light and still geared to meeting orders. Plant stocks are closely balanced. Again this week, there have been no reported exports of dry whole milk via the CWT program. Dry whole milk production during April 2006 totaled 1.6 million pounds, down 61.7% from April 2005 and 34.3% less than March 2006.

F.O.B. PRODUCING PLANT: 1.1475 - 1.2000



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are mostly unchanged on a steady market. Some plants report that supplies are limited due to good export activity. Others have loads available, particularly for regular contractual users. List prices are mostly noted at a premium. Some feed buyers were surprised by the price increase last week. Feed buyer attempts at delaying load pick ups at the plant are being met with resistance by sellers. Feed whey trade is light and prices are nominal. Condensed whey remains readily available for the light to fair interest. Production of HUMAN FOOD, dry whey during April 2006 totaled 92.7 million pounds, 10.3% more than April 2005 but 4.8% below March 2006. Month ending stocks, at 41.7 million pounds, are 11.6% above a year ago and 3.2% more than March 2006. Production of ANIMAL FEED, dry whey during April 2006 totaled 4.5 million pounds, 37.6% less than April 2005 but 15.2% above March 2006. Month ending stocks, at 1.6 million pounds, are 56.3% lower than a year ago and 1.1% less than March 2006.

F.O.B. CENTRAL: .2725 - .2875 MOSTLY: .2725 - .2775
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2400 - .2600

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally higher, but the market tone is unchanged. Production remains heavy in the Northeast. Spot market activity remains light as buyers/users are able to meet their needs via contract purchases. Producers are clearing most of their output through contract agreements and their inventories are fairly well balanced. However, after the Memorial Day weekend's heavier production, a few plants do have spot loads to offer. The resale market is still highly competitive. There is export interest and some product is moving off-shore. Domestic, spot demand is slow to fair. Production of human food, dry whey during April totaled 92.7 million pounds, 10.3% more than April 2005 but 4.8% less than March 2006. Month ending stocks, at 41.7 million pounds, are 11.6% above last year and 3.2% more than a month ago. Production of animal feed, dry whey during April totaled 4.5 million pounds, 37.6% less than a year ago but 15.2% above March 2006.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2750 - .3000
DELVD SOUTHEAST: .2900 - .3225

DRY WHEY - WEST

The Western whey price range tightened with the low end increasing and the high end lowering. The mostly series is unchanged. The trade sentiment is steady to slightly unsettled. There are producers that are sold out under contract and have little to no extra product for spot needs. Other producers have product and continue to discount to keep stocks cleared. Overall, demand is clearing more of the extra offerings. Part of this is due to milk production beginning to decline in several key areas. Stocks are light to steady. U.S. edible whey production in April totals 92.7 million pounds, up 10.3% from last year. Stocks at the end of April were 41.7 million pounds, up 11.6% from last year. In April, the Western region produced 31.5 million pounds, up 22.3% from last year and 34% of the U.S. total. Cumulative total dry whey production for the first four months of the year is 376.4 million pounds, up 27.8 million pounds (8.0%) from 2005.

NONHYGROSCOPIC: .2600 - .3200 MOSTLY: .2800 - .3000

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a mostly steady market. Stocks are mixed with some plants reporting a balanced position whereas others have loads to clear. Unconfirmed trade into Europe at significantly higher prices is noted. Canadian and domestic offers are noted in the US market. Feed users generally report reduced interest, due to seasonally lower feed interest and continued use of wheat proteins in their formulations. Production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during April 2006 totaled 25.3 million pounds, 6.7% higher than April 2005 but 2.2% above March 2006. Manufacturers' end-of-month stocks totaled 18.7 million pounds, 26.0% higher than a year ago but 5.6% below last month. Production of HUMAN AND ANIMAL WPC (50.0-89.9% PROTEIN) during April 2006 totaled 9.3 million pounds, up 13.7% from April 2005 but 3.9% below March 2006. Manufacturers' end-of-month stocks totaled 12.0 million pounds, 18.4% above last year and 4.2% higher than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .5550 - .5950 MOSTLY: .5700 - .5900

LACTOSE - CENTRAL AND WEST

Prices remain unchanged on a firm market. Trade is predominantly contractual with most producers reporting that they have no extra supplies for the spot trade. Some plants have issued their offering prices for the third quarter at levels near the high side of the range. Others anticipate some delays in their contractual negotiations due to uncertainty in their overall supply situation. Some buyers are examining their formulations to find ways in reducing the use of lactose. Feed grade supplies are limited for the good interest. Lactose production during April 2006 totaled 57.4 million pounds, down 1.4% from April 2005 and 1.3% lower than March 2006. Month ending stocks, at 42.7 million pounds, are 32.0% lower than a year ago but 2.9% above last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2400 - .3300 MOSTLY: .2500 - .3000

CASEIN - NATIONAL

Little change has occurred in the domestic casein market. Prices are unchanged and the market tone is steady. Domestic buyers continue to indicate that there is lower priced product available in the market, but source and consistent quality are a concern for many buyers. Some buyers have taken advantage of the offerings and state that product results have been ok. Supplies being sourced from Oceania are now being filled from inventoried stock, where as European stocks are from new production. European producers indicate that overall casein production is lower, thus available volumes out of Europe will probably be lower.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.0000 - 3.1000
ACID: 3.0500 - 3.1500

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels are mostly heavy, but slowing in some areas of the country where surplus milk supplies are declining seasonally. Producer stocks are being replenished. Demand is seasonally slow. Canned evaporated milk production during April totaled 41.8 million pounds, 11.5% less than April 2005 and 1.6% less than March 2006. Month ending stocks, at 75.8 million pounds, are 33.3% above a year ago and 9.7% more than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.20 - 36.00
Excluding promotional and other sales allowances. Included new price announcements.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 5 - 9, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 06/02/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	198,000	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	198,000	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	6,319,032	119,048	6,199,984	55,021,613	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	6,319,032	119,048	6,199,984	55,021,613	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 5 - 9, 2006 =	1.4	72.2	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	13.9	642.4	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - JUNE 9, 2006 =	13.9	642.4	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 5 - 9, 2006 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	6,199,984	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	198,000	-0-	1,364,259	1,331,567	15.3	4.2
WEST	-0-	-0-	-0-	-0-	51,034,623	29,415,099	80.6	92.4
EAST	-0-	-0-	-0-	-0-	2,622,731	1,070,603	4.1	3.4
TOTAL	-0-	-0-	198,000	-0-	55,021,613	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/20/06 & Comparable Week 2005

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2006-Dairy	N.A.	0.7	5.6	2.4	14.3	2.3	0.2	N.A.	12.9	1.5	40.8	907.6	43.6	45.7
2005-Dairy	N.A.	0.7	5.7	2.1	13.2	2.3	0.9	N.A.	11.2	2.3	39.1	935.1	42.8	48.4
2006-All cows	N.A.	0.7	7.0	11.4	25.5	16.1	12.1	N.A.	15.8	2.3	93.6	1,984.0		
2005-All cows	N.A.	0.7	7.0	11.3	24.7	16.1	11.0	N.A.	13.0	4.7	91.3	1,931.2		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22	10.97	10.75						
II	13.25	12.62	11.69	11.37	11.13							
III	13.39	12.20	11.11	10.93	10.83							
IV	12.20	11.10	10.68	10.36	10.33							

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm

INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 29 - June 9, 2006

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Milk production in many parts of Europe appears to be holding steady at peak levels. Although milk output has generally peaked, reports indicate that total volumes are trailing last year. Milk handlers state that producers experienced a slow start to the season due to cool and wet conditions. For producers, they feel that these adverse conditions limited production potential within the milking herd. Slow, later than usual, pasture growth is also a contributing factor. Butter intervention levels of 50,000 MT have been attained within the past two weeks, thus no additional offerings are being accepted under the guidelines. Now a tendering system will be implemented for future offerings. The first bids under the tendering system are due June 13. The Dairy Management Committee did not meet this week but will convene next Thursday, June 15. Traders and handlers continue to report that international sales activity is slow and unaggressive. Traders feel that high European prices are a major factor limiting buyer interest. Although milk production is at or very near peak levels, manufactured dairy product supplies are not overly excessive. As the milk production season increased, manufacturers that are able, are directing milk volumes to products of best return. At this point, milk is being diverted away from butter/powder and directed towards cheese and whole milk powder production. Due to slow sales, much of this product is entering inventory programs.

BUTTER/BUTTEROIL: European butter markets remain weak with prices generally lower. Intervention for butter has closed now that the 50,000 MT maximum level has been attained. Reports indicate that nearly 55,000 MT of butter cleared to the program before it was officially closed. For future offerings, a tendering system is in place whereby producers and handlers submit bids for a specific volume and price. The first round of successful bids will be announced on June 15. Some feel that initial offerings under the tendering system might be lower as producers chose to clear their production into PSA.

82% BUTTERFAT:	1,750 - 1,925
99% BUTTERFAT:	2,200 - 2,300

SKIM MILK POWDER (SMP): European skim milk powder markets and prices are firm. At this time, milk is being diverted away from butter/powder production and directed toward products of better return and need. Traders and handlers are not overly concerned about lower than usual inventories for this time of the season, especially with powder demand so limited. Currently, what limited buyer interest, buyers are able to source their needs from other areas of the world at more competitive prices.

1.25% BUTTERFAT:	2,275 - 2,450
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WHOLE MILK POWDER (WMP): Whole milk powder markets are weaker with prices slightly lower, but generally unchanged. Powder production in Europe is active as seasonally strong milk volumes are clearing through whole milk powder plants. Powder stocks are building as buyer interest is slow and unaggressive. Traders and handlers are not overly concerned about the building stock levels at this time and are hopeful that declining prices will stimulate buyer interest once again.

26% BUTTERFAT:	2,175 - 2,300
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SWEET WHEY POWDER: Whey markets are weak as prices decline. During the past few weeks, the European whey situation has experienced a dramatic change from much of the spring. Cheese production is seasonally strong, thus whey volumes are heavy. Demand remains quite active from European animal feed buyers. International whey buyers continue to look to European sources for their needs, but still find asking prices to be higher than they are willing to pay.

NONHYGROSCOPIC:	750 - 825
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EASTERN OVERVIEW: The milk production season in Eastern Europe continues to build toward seasonal peak levels. Output in the region typically lags Western Europe by a few weeks. Manufacturers and handlers indicate that sales activity is slow, especially for international needs, thus current production is predominately entering inventory. Traders state that some small-lot sales are occurring, but are no way near sales trends of past years at this time of the season.

OCEANIA

OCEANIA OVERVIEW: The 2005 - 06 milk production season in New Zealand has now officially closed. Early reports indicate that annual production finished the season heavier than previously projected and will be nearly 4% ahead of last year. Producers and handlers state that production momentum during the second half of the season was the main factor for the strong finish. Many are hopeful that the strong finish will carry over into a positive start for the new season. In Australia, the current production season will come to a close at the end of June, but will not be as positive as their New Zealand neighbors. Producers and handlers state that the last half of the season has been basically opposite of the first half. Positive first half gains eroded during the second half. As the season comes to a close, most milk handlers are hopeful that the downward trend will not surpass a 1% decline when compared to last season. For the most part, Oceania suppliers are fairly comfortable with their stock situation as winter season sets in. Some state that they may need to reach to pre-arranged outside supply sources to fully meet their commitments, but these additional volumes should be minimal. Manufacturing facilities New Zealand have basically ceased operations with milk volumes clearing through drinking milk operations for the next two months or so. In Australia, manufacturing facilities are reducing production schedules and closing operations as milk volumes decline. In both countries, this will allow time for annual plant maintenance before the startup of the new production season.

BUTTER: Oceania butter markets and prices are generally steady. The milk production season is basically over for the year, thus fresh butter production is limited and occurring only in Australia. Traders and handlers feel that inventoried stocks should be sufficient to fill most contractual commitments, with virtually nothing available for spot or end of the year buyer interest.

82% BUTTERFAT:	1,600 - 1,850
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CHEDDAR CHEESE: Oceania cheese markets are generally steady at unchanged prices. Cheese production is minimal and limited to output in Australia. Handlers and traders indicate that supplies are in close balance for regular and ongoing customer needs and will be minimal once the new milk production season resumes.

39% MAXIMUM MOISTURE:	2,550 - 2,800
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SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady, with prices unchanged to slightly lower. Producers and handlers state that the production season is basically finished and future shipments will be filled from inventoried stock. Some handlers indicate that they may need to reach to pre-arranged outside sources to secure supplement stock to fulfill commitments.

1.25% BUTTERFAT:	2,000 - 2,100
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WHOLE MILK POWDER (WMP): Whole milk powder markets are unsettled with prices generally lower. Producers and handlers state that the 2005 - 06 production season is nearly over. Late season milk volumes, especially in New Zealand, helped generate a little additional powder which should be enough to carry handlers and traders through the winter months. As with most other manufactured dairy products, surplus whole milk powder stocks are minimal, thus virtually no powder is available for spot buyers.

26% BUTTERFAT:	2,000 - 2,100
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Exchange rates for selected foreign currencies: June 5, 2006

.7490 Canadian Dollar	.0219 Indian Rupee
.3248 Argentina Peso	.6312 New Zealand Dollar
.0883 Mexican Peso	.7490 Australian Dollar
.3247 Polish Zloty	.0089 Japanese Yen
	1.2914 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0883)=
11.3250 Mexican Pesos. Source: "Wall Street Journal"

CHICAGO MERCANTILE EXCHANGE FUTURESSelected settling prices, (open interest), and volume 1/

Month	05/24	05/25	05/26	05/29	05/30	05/31	06/01	06/02	06/05	06/06
CME - CLASS III MILK FUTURES (Pit-Traded)										
MAY 06	10.81 (3070) 96	10.82 (3053) 2	10.82 (3051) 0	NO TRADING	10.82 (3051) 11	10.82 (3057) 10	10.82 (3049) 2	10.83 (2787) 0		
JUN 06	11.28 (3306) 75	11.35 (3295) 6	11.45 (3294) 19		11.45 (3201) 205	11.35 (3175) 94	11.42 (3102) 133	11.34 (3066) 57	11.34 (3068) 26	11.25 (3070) 4
JUL 06	11.70 (3424) 114	11.80 (3407) 50	11.99 (3412) 167		12.15 (3456) 239	11.84 (3483) 167	11.88 (3500) 196	11.93 (3532) 129	11.91 (3562) 191	11.75 (3630) 136
AUG 06	11.90 (3884) 105	12.05 (3848) 59	12.33 (3728) 742		12.55 (3743) 245	12.22 (3751) 182	12.18 (3782) 178	12.30 (3770) 123	12.30 (3816) 334	12.20 (3868) 142
SEP 06	12.24 (3704) 168	12.35 (3696) 81	12.50 (3762) 218		12.66 (3778) 99	12.40 (3859) 176	12.42 (3882) 114	12.50 (3883) 67	12.53 (3934) 119	12.48 (3975) 147
OCT 06	12.23 (3333) 68	12.33 (3308) 57	12.50 (3408) 189		12.65 (3400) 107	12.45 (3371) 82	12.45 (3438) 93	12.55 (3441) 65	12.58 (3481) 92	12.53 (3508) 149
NOV 06	12.22 (2921) 76	12.30 (2926) 13	12.40 (2973) 71		12.55 (2993) 131	12.40 (2988) 79	12.44 (3002) 43	12.49 (3019) 27	12.50 (3038) 31	12.41 (3039) 43
DEC 06	12.00 (2666) 35	12.05 (2665) 19	12.18 (2688) 136		12.36 (2710) 91	12.20 (2704) 58	12.22 (2736) 43	12.25 (2764) 44	12.25 (2779) 33	12.20 (2774) 26
JAN 07	12.02 (811) 20	12.19 (809) 3	12.27 (835) 25		12.72 (868) 61	12.35 (876) 33	12.35 (908) 48	12.40 (910) 22	12.45 (912) 19	12.43 (916) 28
FEB 07	12.00 (727) 23	12.05 (726) 5	12.10 (761) 31		12.47 (781) 48	12.15 (790) 18	12.15 (817) 42	12.25 (817) 16	12.25 (814) 22	12.20 (812) 33
MAR 07	12.00 (775) 23	12.06 (784) 11	12.11 (803) 23		12.42 (819) 49	12.20 (821) 22	12.20 (826) 26	12.35 (828) 13	12.32 (831) 17	12.27 (839) 25
APR 07	12.15 (574) 20	12.18 (577) 3	12.23 (601) 21		12.47 (621) 44	12.38 (630) 18	12.38 (642) 24	12.43 (643) 10	12.44 (641) 27	12.44 (642) 29
MAY 07	12.09 (547) 17	12.13 (561) 13	12.19 (573) 35		12.50 (587) 30	12.35 (590) 7	12.35 (599) 26	12.40 (603) 9	12.46 (599) 31	12.46 (598) 26
JUN 07	12.25 (510) 16	12.32 (522) 13	12.43 (537) 15		12.52 (546) 40	12.47 (547) 20	12.49 (560) 20	12.49 (556) 31	12.50 (558) 13	12.50 (560) 39
JUL 07	12.58 (361) 2	12.60 (366) 12	12.63 (367) 3		12.70 (370) 11	12.61 (373) 9	12.70 (373) 8	12.70 (373) 0	12.74 (381) 18	12.74 (391) 30
CME - CLASS IV MILK FUTURES (Pit-Traded)										
MAY 06	10.47 (1) 0	10.47 (1) 0	10.45 (1) 0	NO TRADING	10.45 (1) 0	10.45 (1) 0	10.45 (1) 0	10.33 (1) 0		
JUN 06	10.70 (6) 0	10.70 (6) 0	10.65 (6) 0		10.65 (6) 0	10.65 (6) 0	10.65 (6) 0	10.60 (6) 0	10.60 (6) 0	10.60 (6) 0
JUL 06	11.00 (10) 0	11.00 (10) 0	11.00 (10) 0		11.00 (10) 0	11.00 (10) 0	11.00 (10) 0	11.00 (10) 0	11.00 (10) 0	10.90 (10) 0
CME - PRODUCT SETTLED BUTTER FUTURES (Pit-Traded)										
MAY 06	117.50 (15) 0	117.50 (15) 0	117.50 (8) 0	NO TRADING						
JUL 06	119.75 (373) 0	119.75 (373) 0	120.00 (373) 0		120.00 (370) 5	120.00 (363) 7	120.00 (360) 11	119.75 (360) 8		
SEP 06	122.75 (351) 0	122.75 (351) 0	122.75 (351) 0		122.75 (351) 0	122.75 (351) 0	123.50 (352) 1	123.00 (352) 2	119.50 (351) 10	118.75 (349) 6
OCT 06	123.50 (212) 2	123.50 (212) 0	123.50 (212) 0		124.00 (212) 0	124.50 (214) 5	125.00 (215) 8	124.50 (215) 8	123.00 (350) 0	122.50 (350) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
MAY 06	117.00 (397) 3	117.00 (394) 0	117.00 (394) 0	NO TRADING	117.00 (389) 5	117.00 (389) 0	117.00 (389) 0	116.35 (389) 0		
JUN 06	118.25 (508) 10	119.00 (507) 22	119.50 (516) 12		118.50 (529) 15	118.50 (519) 17	118.53 (531) 16	118.00 (549) 20	118.00 (553) 6	117.50 (559) 6
JUL 06	121.00 (596) 6	121.25 (602) 7	122.50 (610) 7		122.75 (618) 29	122.50 (593) 5	122.50 (604) 42	121.75 (607) 16	121.25 (617) 13	120.00 (628) 19

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-250-3208.

APRIL 2006 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 127.8 million pounds in April, 9.2 percent above April 2005 but 10.0 percent below March 2006. **AMERICAN TYPE CHEESE** production totaled 333.8 million pounds, 1.9 percent above April 2005 but 1.4 percent below March 2006. **TOTAL CHEESE** output (excluding cottage cheese) was 779.7 million pounds, 3.3 percent above April 2005 but 4.0 percent below March 2006. **NONFAT DRY MILK** production, for human food, totaled 129.0 million pounds, 23.0 percent above April 2005 and 0.6 percent above March 2006. **DRY WHEY** production, for human food, was 92.7 million pounds, 10.3 percent above April 2005 but 4.8 percent below March 2006. **ICE CREAM (hard)** production totaled 77.6 million gallons, 0.7 percent below April 2005 and 0.4 percent below March 2006.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	APR 2006	PERCENT CHANGE FROM:			PRODUCT	APR 2006	PERCENT CHANGE FROM:		
	1,000 LBS.	APR 2005	MAR 2006	YEAR TO DATE 1/		1,000 LBS.	APR 2005	MAR 2006	YEAR TO DATE 1/
BUTTER	127,778	9.2	-10.0	14.4	YOGURT (PLAIN AND FLAVORED)	254,188	2.7	-9.4	4.2
CHEESE					DRY WHEY PRODUCTS				
AMERICAN TYPES 2/	333,765	1.9	-1.4	2.2	DRY WHEY, HUMAN FOOD	92,678	10.3	-4.8	---
CHEDDAR	272,281	3.6	0.6	2.3	DRY WHEY, ANIMAL FEED	4,521	-37.6	15.2	---
SWISS	25,317	6.1	-2.7	---	DRY WHEY, TOTAL	97,199	6.5	-4.0	8.0
BRICK & MUENSTER	8,738	41.8	-4.6	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	49,564	8.0	-11.4	---	HUMAN FOOD	2,354	-35.4	-41.8	---
HISPANIC	14,222	4.0	-7.4	---	ANIMAL FEED	3,823	-22.2	-5.1	---
MOZZARELLA	261,753	5.9	-4.4	3.1	LACTOSE, HUMAN FOOD & ANIMAL FEED	57,399	-1.4	-1.3	---
OTHER ITALIAN TYPES	67,049	5.5	-7.3	5.6	WHEY PROTEIN CONCENTRATE				
TOTAL ITALIAN TYPES	328,802	5.8	-5.0	3.6	HUMAN FOOD 7/	29,569	6.3	-3.3	---
ALL OTHER TYPES	19,316	-28.5	-10.5	---	ANIMAL FEED 7/	5,068	23.9	1.2	---
TOTAL	779,724	3.3	-4.0	2.5	TOTAL 7/	34,637	8.5	-2.7	---
COTTAGE CHEESE, CURD 3/	37,137	-5.9	-7.6	---	25.0-49.9 PERCENT 8/	25,294	6.7	-2.2	---
COTTAGE CHEESE, CREAM 4/	28,744	-6.1	-10.5	-4.0	50.0-89.9 PERCENT 8/	9,343	13.7	-3.9	---
COTTAGE CHEESE, LOWFAT 5/	32,357	-1.1	-10.0	0.4	PROTEIN ISOLATES 9/	2,480	14.9	-5.3	---
CANNED EVAP & CONDSO WHOLE MILK	41,786	-11.5	-1.6	---	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
DRY WHOLE MILK	1,590	-61.7	-34.3	---	ICE CREAM (HARD)	77,557	-0.7	-0.4	-1.6
NONFAT DRY MILK (NDM), HUMAN	129,022	23.0	0.6	19.1	ICE CREAM, LOWFAT (HARD)	10,306	6.8	5.2	---
SKIM MILK POWDERS (SMP) 6/	12,411	-51.0	-37.9	---	ICE CREAM, LOWFAT (SOFT)	21,614	-8.2	-0.3	---
DRY BUTTERMILK	6,460	-8.5	-12.6	---	ICE CREAM, LOWFAT (TOTAL)	31,920	-3.8	1.4	-3.0
SOUR CREAM	79,313	9.7	-10.9	5.1	YOGURT (TOTAL)	5,978	4.2	-1.1	-1.3

MANUFACTURERS' STOCKS, END OF MONTH 10/							
PRODUCT	APR 2006	PERCENT OF:		PRODUCT	APR 2006	PERCENT OF:	
	1,000 LBS.	APR 2005	MAR 2006		1,000 LBS.	APR 2005	MAR 2006
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	41,747	11.6	3.2	HUMAN FOOD 7/	28,125	24.0	-3.8
DRY WHEY, ANIMAL FEED	1,614	-56.3	-1.1	ANIMAL FEED 7/	2,636	12.0	23.3
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 11/	5,138	22.5	-17.4	TOTAL 7/	30,761	22.9	-2.0
LACTOSE, HUMAN FOOD & ANIMAL FEED	42,710	-32.0	2.9	25.0-49.9 PERCENT 8/	18,741	26.0	-5.6
CANNED EVAP & CONDSO WHOLE MILK	75,826	33.3	9.7	50.0-89.9 PERCENT 8/	12,020	18.4	4.2
DRY BUTTERMILK	15,792	84.2	1.3	NONFAT DRY MILK (NDM), HUMAN FOOD	155,861	44.0	23.2

1/ 2006 cumulative as percent change of 2005 cumulative. 2/ Includes Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Includes protein standardized and blends. 7/ Whey Protein Concentrate, 25.0 to 89.9 percent. 8/ Whey Protein Concentrate Human and Animal. 9/ Whey Protein Isolates, 90.0 percent or greater. 10/ Stocks held by manufacturers at all points and in transit. 11/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (6-06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, MAY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for May 2006 is \$1.2582 per pound. Thus, the Class II butterfat price is \$1.2652. The protein and other solids prices for April are \$1.9115 and \$0.1251 per pound, respectively. These component prices set the Class III skim milk price at \$6.66 per cwt. The May Class IV skim milk price is \$6.14 which is derived from the nonfat solids price of \$0.6819 per pound. **Product Price Averages:** The product price averages for May are: butter \$1.1635, nonfat dry milk \$0.8288, cheese \$1.1694, and dry whey \$0.2805.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	MAY 2006				JUNE 2006
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	14.22	11.13	10.83	10.33	14.00
Appalachian (Charlotte) 5/	005	14.07	11.13	10.83	10.33	13.85
Southeast (Atlanta) 6/	007	14.07	11.13	10.83	10.33	13.85
Florida (Tampa) 7/	006	14.97	11.13	10.83	10.33	14.75
Midwest (Cleveland) 8/	033	12.97	11.13	10.83	10.33	12.75
Upper Midwest (Chicago) 9/	030	12.77	11.13	10.83	10.33	12.55
Central (Kansas City) 10/	032	12.97	11.13	10.83	10.33	12.75
Southwest (Dallas) 11/	126	13.97	11.13	10.83	10.33	13.75
Arizona-Las Vegas (Phoenix) 12/	131	13.32	11.13	10.83	10.33	13.10
Pacific Northwest (Seattle) 13/	124	12.87	11.13	10.83	10.33	12.65
All-Market Average	---	13.62	11.13	10.83	10.33	13.40

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I prices at other cities are: Portland, same; and Spokane, same.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, MARCH 2006

In March 2006, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$12.64 per cwt., \$.93 less than the figure for the previous month. The component tests of producer milk in March 2006 were: butterfat, 3.73%; protein, 3.06%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas, and ranged from \$15.56 in Florida to \$10.67 in New Mexico. In March 2005, the Federal milk order all-area average mailbox price was \$15.46, \$2.82 higher.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	March 2005	February 2006	March 2006
	Dollars per hundredweight		
New England States <u>3/</u>	16.22	14.42	13.58
New York	15.81	13.93	13.14
Eastern Pennsylvania <u>4/</u>	16.09	14.32	13.47
Appalachian States <u>5/</u>	15.97	14.44	13.55
Southeast States <u>6/</u>	16.37	15.31	14.13
Southern Missouri <u>7/</u>	15.44	13.48	12.43
Florida	17.69	16.68	15.56
Western Pennsylvania <u>8/</u>	15.70	14.08	13.09
Ohio	15.60	13.88	12.95
Indiana	15.69	13.96	13.01
Michigan	15.13	13.56	12.60
Wisconsin	15.77	13.62	12.63
Minnesota	15.46	13.16	12.14
Iowa	15.41	13.47	12.52
Illinois	15.52	13.72	12.60
Corn Belt States <u>9/</u>	14.42	12.65	11.82
Western Texas <u>10/</u>	14.44	12.45	11.47
New Mexico	13.61	11.57	10.67
Northwest States <u>11/</u>	14.39	12.75	12.00
All Federal Order Areas <u>12/</u>	15.46	13.57	12.64
California <u>13/</u>	13.99	11.52	11.05

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ All the counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these. 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/. 10/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of the information for all selected reporting areas in Federal milk orders. Previous year figures have not been revised for new reporting areas. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

APRIL FLUID MILK SALES

During April, about 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.5 percent lower than April 2005. After adjusting for calendar composition, sales in April 2006 were unchanged from April 2005. On an individual product basis, sales of reduced fat (2%) milk, low fat milk (1%), fat-free (skim) milk, and buttermilk increased from April 2005, while sales of whole milk, flavored whole milk, and flavored fat-reduced milk decreased from a year earlier. It is likely that the timing of the Easter holiday this year has had a negative impact on the change in sales from April 2006 compared to April 2005. Sales data for organic milk are now being provided.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/fluidsales.htm>. Revised data for January 2006 through March 2006 can also be found at that location. Also, it should be noted that there have been revisions in the data for some reporting areas, thus the data for January through March 2006 has been revised.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
APRIL 2006, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	April	Year to Date 3/	Previous Year	Year to Date 3/
	Mil. Lbs.		Percent	
Whole Milk	1,312	5,463	-5.7	-2.9
Flavored Whole Milk	55	233	-13.3	-6.9
Organic Whole Milk 4/	19	74	---	---
Reduced Fat Milk (2%)	1,408	5,852	-1.0	2.4
Low Fat Milk (1%)	515	2,127	-1.5	1.8
Fat-Free Milk (Skim)	646	2,661	-1.7	1.8
Flavored Fat-Reduced Milk	315	1,377	-10.3	0.0
Organic Fat-Reduced Milk 4/	62	242	---	---
Buttermilk	40	171	-2.4	-0.4
Total Fluid Milk Products 5/	4,388	18,268	-3.5	0.3
Total Fluid Milk Products Adjusted 5/ 6/	4,487	18,380	0.0	1.0

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. Note that the expansion of the Appalachian order in November 2005 has increased the proportion that reported figures are of total U.S. sales, thus we have increased the factor that we use to estimate U.S. sales. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 6/. Organic milk is included with conventional milk in calculating percentage changes; see 4/. 3/ Year to date data has been affected by revisions to earlier months; please see Editor's Note above. 4/ Data are not available for previous year. 5/ Total fluid milk products include the products listed plus miscellaneous products and egg nog. 6/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmoms/mib/clndr_comp_rpt.pdf

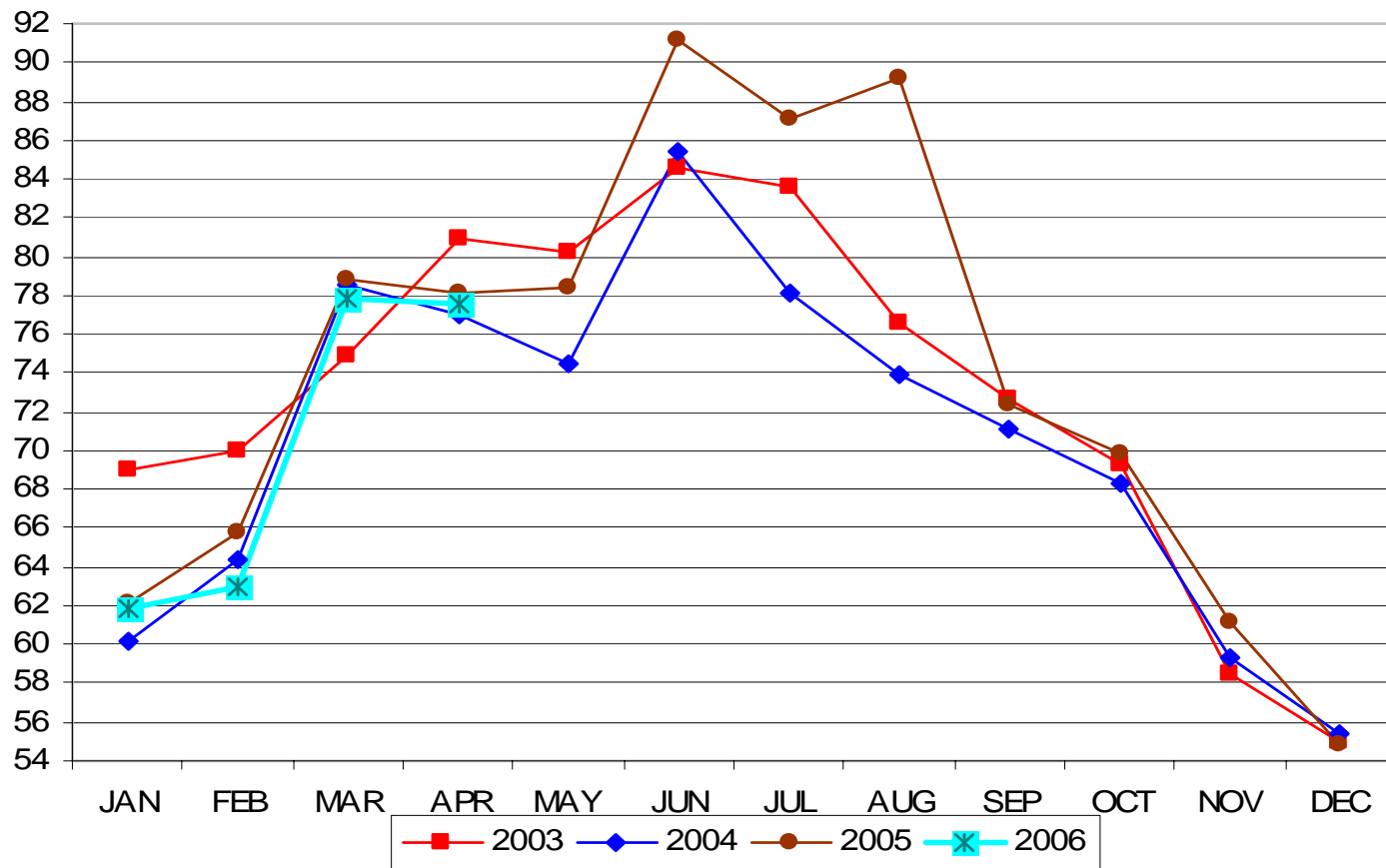
PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, APRIL 2006, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	April	Year to Date 3/	Previous Year	Year to Date 3/
	Mil. Lbs.		Percent	
Northeast (001)	759	3,124	-3.6	-1.3
Appalachian (005) 4/	284	1,204	-1.3	4.3
Southeast (007)	395	1,659	-2.3	2.4
Florida (006)	241	1,000	-4.6	-2.2
Mideast (033)	494	2,077	-6.2	-0.9
Upper Midwest (030)	355	1,477	-4.3	-0.1
Central (032)	376	1,571	-3.5	1.5
Southwest (126) 5/	354	1,458	0.0	3.3
Arizona-Las Vegas (131) 6/	105	437	-1.0	3.4
Pacific Northwest (124)	173	716	-1.2	1.0
California (---)	519	2,138	-2.2	0.4

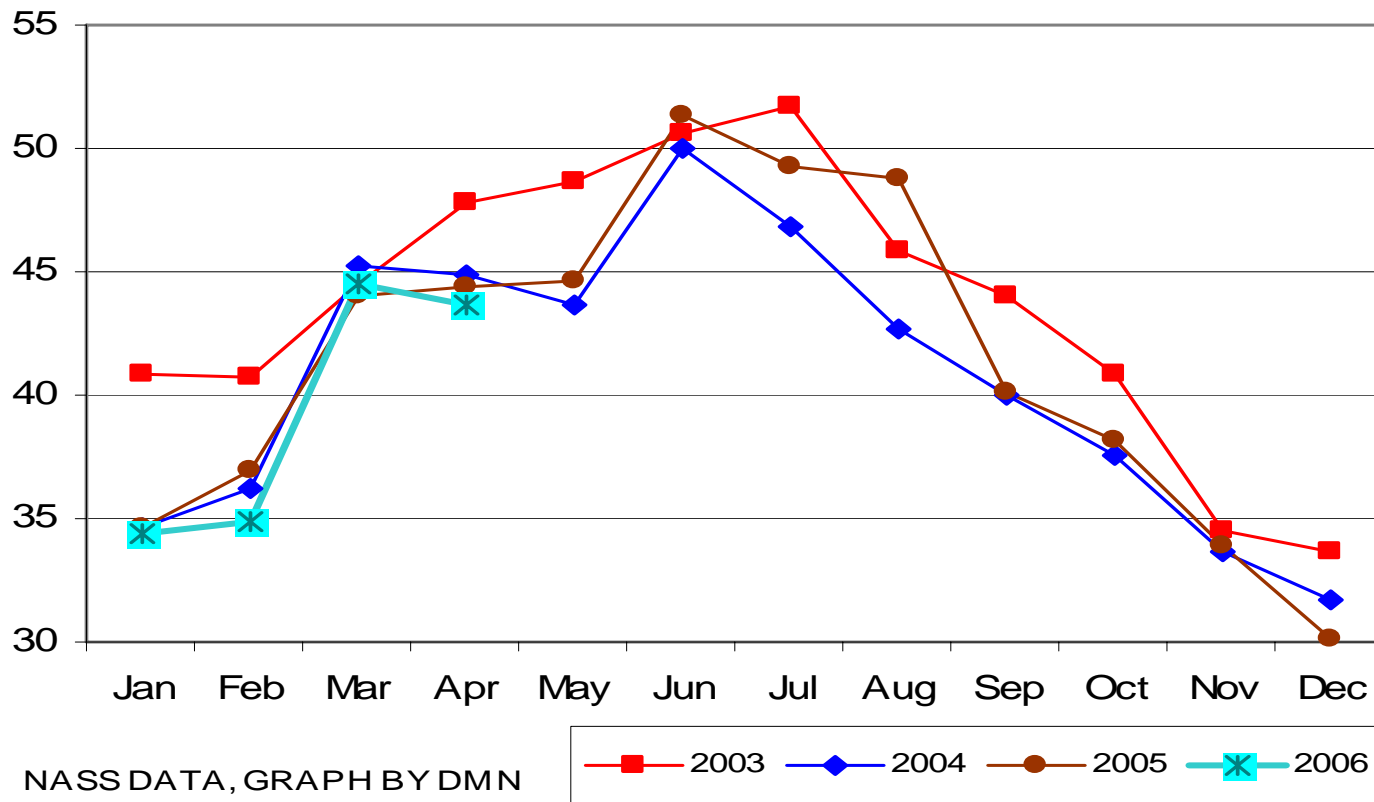
1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 2/ above. 3/ Year to date data has been affected by revisions to earlier months; please see Editor's Note above. 4/ Percent changes for this market are not comparable due to an expansion in the marketing area; see 1/ at top. 5/ Percent changes for this market are not comparable due to reporting revisions. 6/ The in-area sales data for this order does not include all the sales in the marketing area due to the reporting exemption of fluid milk processors located in Clark County, Nevada.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

Million Gallons

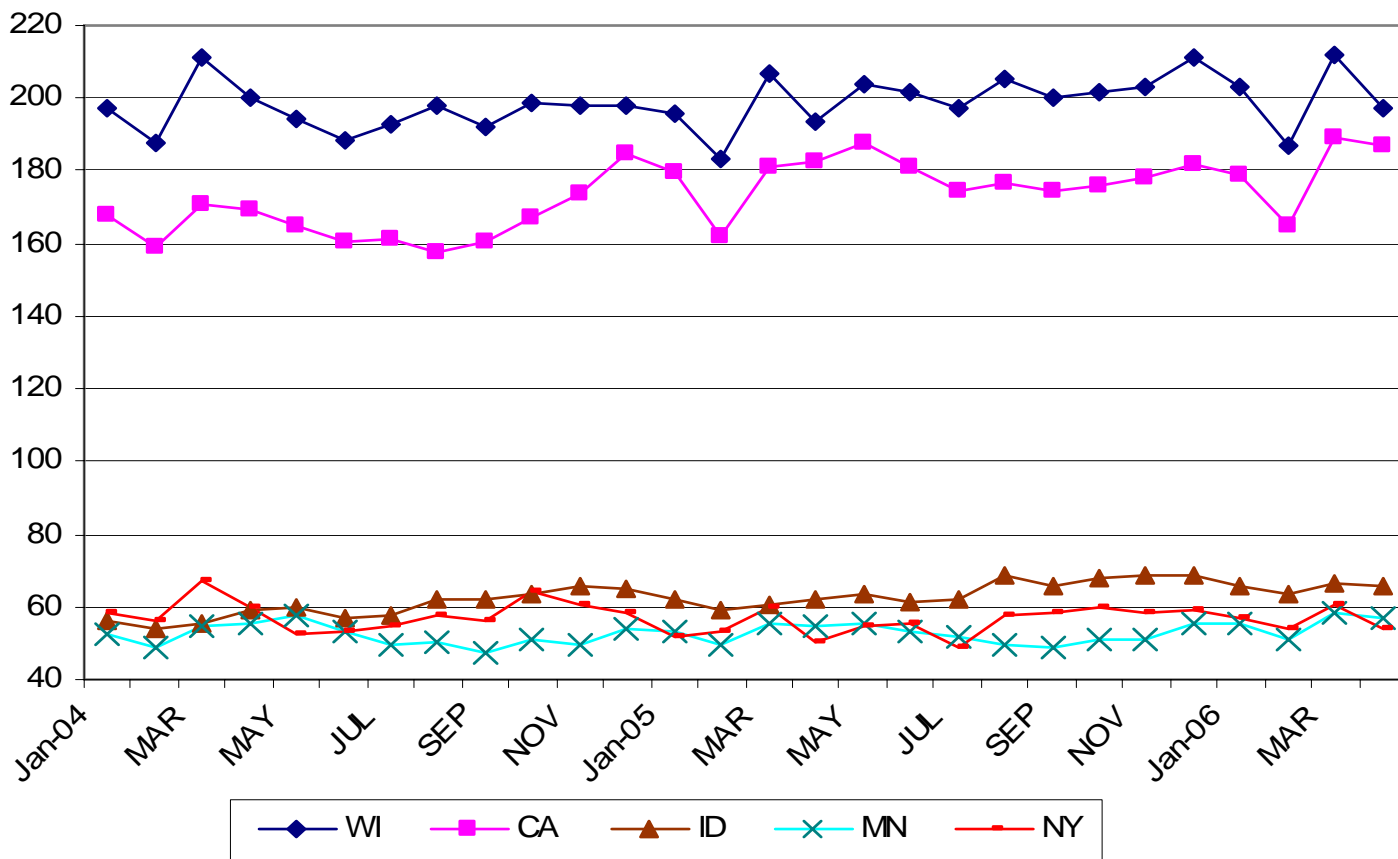
U.S. REGULAR HARD ICE CREAM PRODUCTION

1,000 GAL

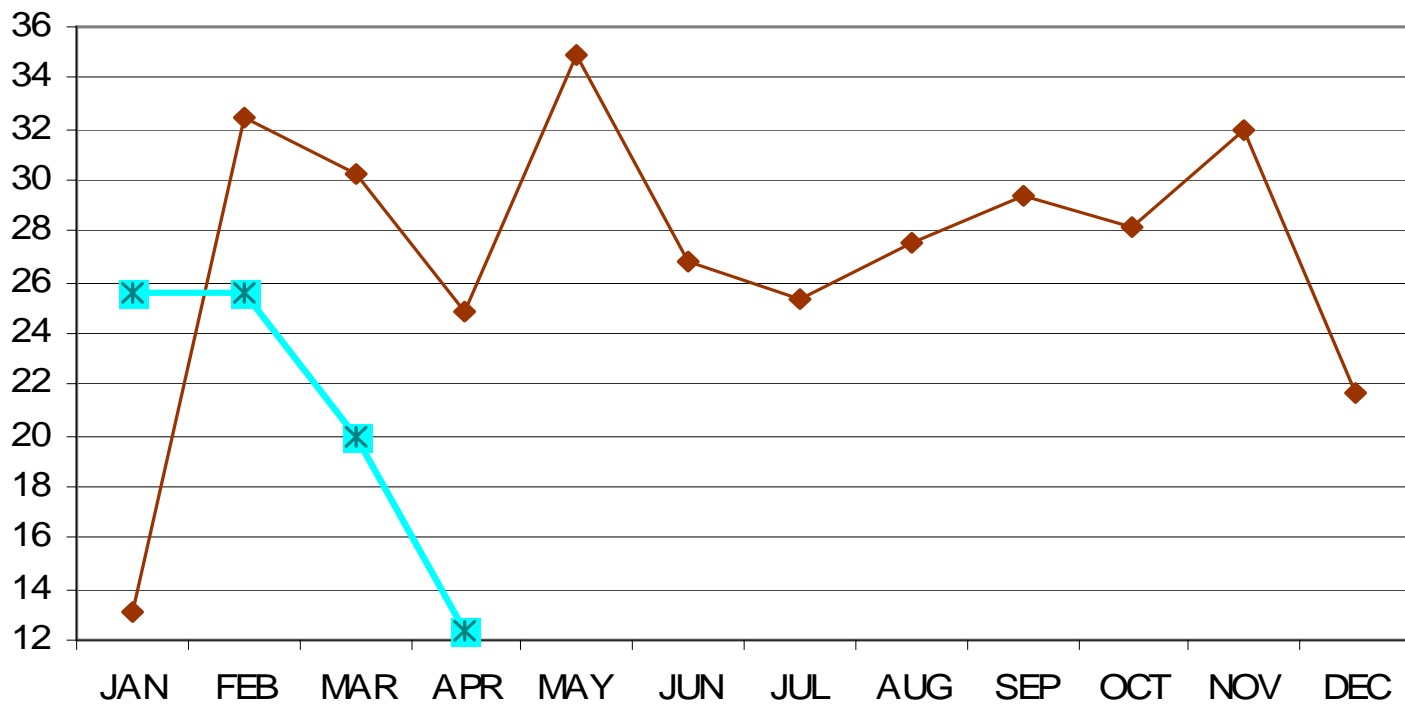
U.S. REGULAR ICE CREAM MIX PRODUCTION

NASS DATA, GRAPH BY DMN

MILLION POUNDS LEADING STATES IN TOTAL CHEESE PRODUCTION



MILLION POUNDS U.S. SKIM MILK POWDER PRODUCTION



NASS DATA, GRAPH BY DMN

—◆— 2005 —×— 2006

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